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## Local Government Committee

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### HB 1222

**Brief Description:** Concerning public utility districts' contracts for work or materials.

**Sponsors:** Representatives Griffey and Blake.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Increases the thresholds for competitive bidding for the purchase of materials, and the purchase of work ordered by public utility districts.</li></ul>
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**Hearing Date:** 1/29/19

**Staff:** Yvonne Walker (786-7841).

**Background:**

A public utility district (PUD) is a type of special purpose district that is authorized to provide electricity, water, sewer, and telecommunications services to its jurisdiction. Each PUD is governed by a board of three to five elected commissioners.

Under certain circumstances, PUDs are required to enter into contracts for the purchase of materials or work. Public utility districts must contract for the purchase of materials when such materials, equipment, or supplies have an estimated cost exceeding \$15,000. The purchase of such materials need not be made by contract when the cost does not exceed \$7,500 in a calendar month. Public utility districts must contract for work ordered by a PUD commission when the estimated cost exceeds \$25,000, with an exception for work that is an accepted industry practice under prudent utility management and is performed by PUD employees. "Prudent utility management" is defined as performing work with regularly employed personnel utilizing material of a worth not exceeding \$150,000 in value without a contract.

When a PUD commission is required to purchase materials or work by contract, the commission must publish notice inviting sealed proposals for the contract. The notice must be published at least 13 days before the last date upon which bids will be received. Plans and specifications for

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the work or materials must be on file at the PUD office at the time of publication and be subject to public inspection.

**Summary of Bill:**

The bid threshold limits for supplies and work ordered by a PUD commission are increased.

The bid threshold for the purchase of materials, equipment, or supplies is increased from \$15,000 to \$30,000. The maximum cost of items of the same kind purchased in any calendar month without contracting is raised from \$7,500 to \$12,000.

The bid threshold for any work ordered by a PUD commission is increased from \$25,000 to \$50,000. The value of material under the definition of "prudent utility management" is amended to mean work performed by regular employees utilizing material not exceeding \$300,000 instead of \$150,000.

The term "equipment" includes but is not limited to conductor, cabling, wire, pipe, or lines used for electrical, water, fiber optic, or telecommunications.

**Appropriation:** None.

**Fiscal Note:** Requested on January 18, 2019.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.